Province of British Columbia

Ministry of Finance and Corporate Relations

Annual Report

April 1, 1988
to March 31, 1989

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90-04438/

British Columbia Cataloguing in Publication Data

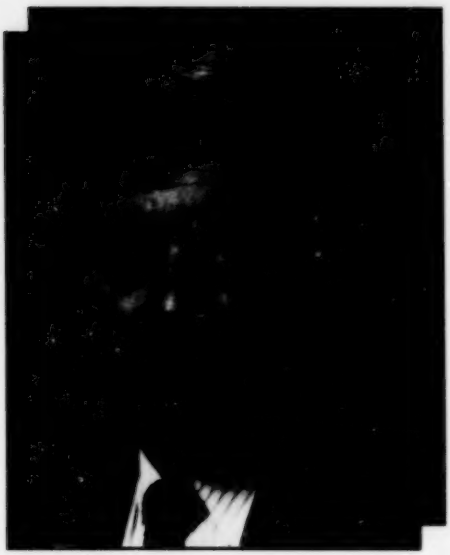
British Columbia. Ministry of Finance and Corporate Relations.
Annual Report — 1986/87 —

Report for 1987/88 covers Jan. 6, 1987 to March 31, 1988.

ISSN 0835-7315

1. British Columbia. Ministry of Finance and Corporate Relations — Periodicals.

HJ13.B722 354.711062



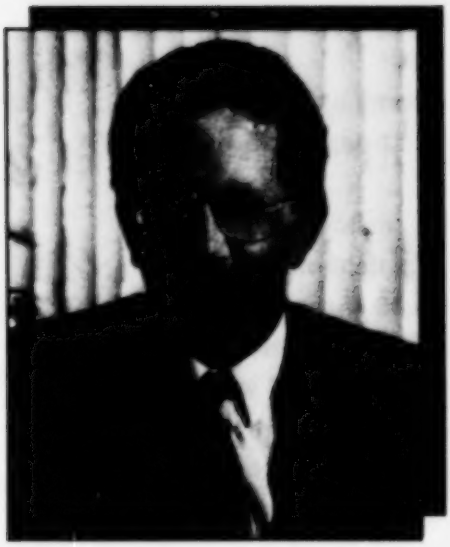
December 1, 1989

The Honourable David C. Lam
Lieutenant-Governor
Province of British Columbia

May it please Your Honour:

I am pleased to submit to you the annual report of the Ministry of Finance and Corporate Relations for the period April 1, 1988 to March 31, 1989.

Mel Couvelier
Minister of Finance and Corporate Relations



December 1, 1989

Honourable Mel Couvelier
Minister of Finance
and Corporate Relations
Province of British Columbia

Sir:

I have the honour to submit the annual report of the Ministry of Finance and Corporate Relations for the period April 1, 1988 to March 31, 1989.

P.G. Halkett

Philip G. Halkett
Deputy Minister
Ministry of Finance
and Corporate Relations

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DEPUTY MINISTER'S MESSAGE

This report documents the work of the Ministry of Finance and Corporate Relations during the fiscal year ending March 31, 1989.

During this period the ministry's organizational structure was expanded by the addition of the Risk Management Branch in July 1988 and the Central Statistics Bureau in November 1988.

The addition of these two agencies has enhanced our research and information capabilities, and increased the depth and expertise of the ministry's team of highly dedicated employees.

I would like to highlight a few achievements of the ministry which represent our continuing commitment to supporting the development and diversification of the British Columbia economy.

Since March of 1985, the province has worked toward establishing Vancouver as an international financial centre. The proclamation of the *International Financial Business Act* and *International Financial Business Tax Refund Act* on October 31, 1988 represented an important step in the process of establishing British Columbia as Canada's focus for Pacific trade, travel and commerce.

Similarly, the province has taken steps to ensure that British Columbia's financial institutions stay competitive in a rapidly changing financial environment. Legislation will be introduced in the spring 1989 session to modernize the rules which govern credit unions, insurance companies and trust companies and to provide increased consumer protection. Another significant feature of the legislation provides for the amalgamation of two regulatory bodies, the Credit Union Deposit Insurance Corporation and the Office of the Superintendent of Financial Institutions. The new commission will ensure that financial institutions in British Columbia are regulated by a single agency with a strong mandate to oversee public protection while imposing the lowest possible compliance burden on the industry.

The successful implementation of initiatives such as these, as well as the excellent quality of day-to-day work, continue to make the employees of the Ministry of Finance and Corporate Relations well regarded throughout government. I would like to thank all employees of the ministry for their dedication and support.

Philip G. Halkett
Deputy Minister

MISSION AND VALUES STATEMENT

It is the mission of the Ministry of Finance and Corporate Relations to ensure:

- public monies are collected, managed and disbursed in the public interest;
- the provincial marketplace is fairly and effectively governed, is free from unnecessary regulation and has the confidence of all who use it; and,
- all data is collected and dissemenated as reliable statistical information.

Context

In the Government of British Columbia, responsibility for financial administration is shared by individual ministers, Treasury Board and the Minister of Finance and Corporate Relations.

Section 6(3) of the *Financial Administration Act* states:

> "Each minister is responsible for the administration of the financial affairs of his ministry, under the general direction of the Minister of Finance and Corporate Relations and the Treasury Board."

Treasury Board is the executive management committee of Cabinet responsible for:

- the government's expenditure plan;
- the allocation of human and financial resources to government programs;
- personnel management; and,
- management practices of government.

The Minister of Finance and Corporate Relations is chairman of Treasury Board and the Deputy Minister is its secretary. Other members are appointed by Cabinet. While Treasury Board has broad financial responsiblity, the *Financial Administration Act* and other statutes give the Minister of Finance and Corporate Relations specific responsibility for:

- preparing economic forecasts, developing tax and economic policy and the annual budget for the government;
- administering tax legislation and collecting and recording government revenue;
- acting as the government's fiscal agent with external financial institutions and as trustee for all public sector employer/employee pension fund contributions;
- issuing cheques and managing the consolidated revenue fund and the public debt;
- regulating British Columbia trust companies, credit unions and insurance companies, as well as the provincial securities and real estate markets;
- providing incorporation and registration services for companies, credit unions, cooperatives, societies and personal property encumbrances; and,
- providing the official collection and dissemination of data to government and other agencies.

In pursuit of its mission, the Ministry of Finance and Corporate Relations adheres to the values outlined below.

To provide a first-rate service to all ministry clients, be they citizens, taxpayers, elected representatives, business officials or public servants.

At all times staff deal with ministry clients in a courteous, friendly and helpful manner.

To be fair and honest with ministry clients.

Staff provide consistent access to ministry programs and services and treat clients and fellow staff in an honest and forthright manner.

To emphasize quality in all ministry work.

It is expected that quality be consistently maintained and work completed in a timely manner. Innovation is encouraged.

To maintain a commitment to results in both routine operations and special projects.

It is the ministry's belief that it is the output or final product that counts, with appropriate attention to sound process.

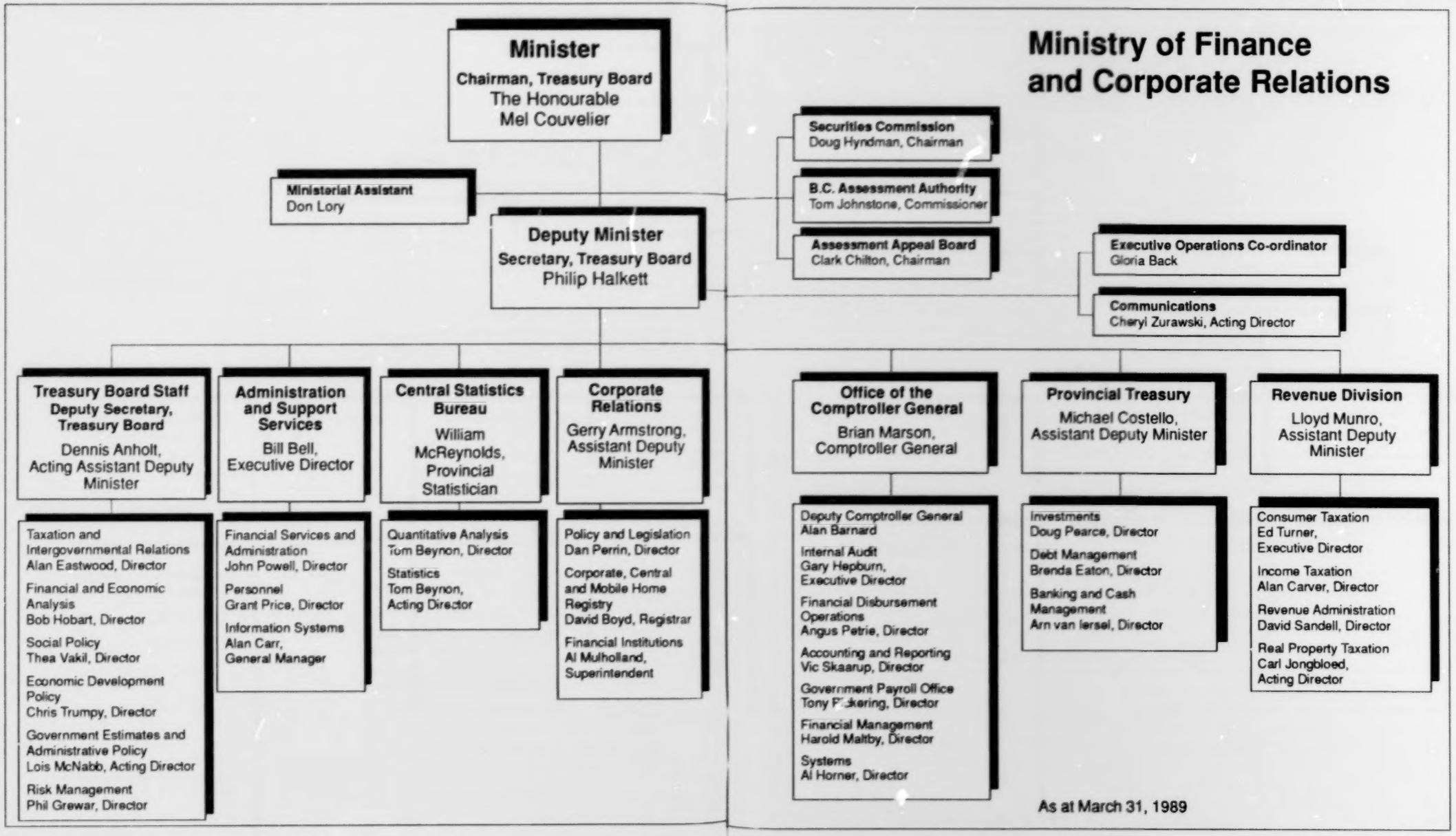
To be frugal in all ministry operations.

Given the ministry's mission and responsibility as a central agency of government, it seeks to achieve best value in the expenditure of resources.

To encourage staff participation in meeting the challenges that face the ministry and to promote staff development.

It is recognized that the success of the ministry in attaining its objectives depends on the contribution of ministry staff. Managers have the responsibility to help staff develop on the job and to provide an environment that encourages staff to assist in achieving ministry objectives. Managers and staff have a mutual responsibility to ensure ministry objectives are achieved. Finance and Corporate Relations often acts as a staff training ground for other ministries.

Ministry of Finance and Corporate Relations



As at March 31, 1989

TREASURY BOARD STAFF

Treasury Board Staff provides analysis and advice to Treasury Board[1] and to the Minister of Finance and Corporate Relations on economic and fiscal matters, taxation, risk management, budget expenditure and management.

The division is organized into six branches which report to the deputy secretary of Treasury Board. The branches are Taxation and Intergovernmental Relations, Social Policy, Economic Development Policy, Government Estimates and Administrative Policy, Financial and Economic Analysis, and Risk Management.

Together these branches:

- develop the annual provincial budget and coordinate allocation of financial resources among ministries and special offices;
- make recommendations on provincial economic, fiscal and taxation policies;
- monitor and forecast provincial economic conditions and the government's financial position;
- recommend timely implementation of economic and fiscal policies;
- analyse and make recommendations on federal/provincial and provincial/local financial relations;
- advise on existing and proposed special office and ministry programs, and on the management of government resources; and,
- provide a professional risk management resource to government and public bodies.

Government Estimates and Administrative Policy Branch

- develops management policies for government to promote economy, efficiency and effectiveness in administrative management;
- coordinates preparation of budget briefing material for Cabinet and Treasury Board and prepares the provincial budget *Estimates* and *Supplement to the Estimates*; and,
- analyses and evaluates budget, expenditure, policy, financial and program matters for ministries and Crown corporations which provide services within government.

Economic Development Policy Branch

- analyses and evaluates budget, expenditure, policy, financial and program matters for ministries and Crown corporations with economic development mandates; and,
- analyses economic development policy and program issues and provides briefing notes and policy recommendations to the Minister of Finance and Corporate Relations and Treasury Board.

[1]A committee of Cabinet responsible for budget and management matters.

Social Policy Branch

- analyses and evaluates budget, expenditure, policy, financial and program matters for ministries and agencies with social services mandates;
- develops budget instructions for capital projects and analyses ministry requests for capital funding; and,
- analyses social policy and program issues and provides briefing notes and policy recommendations to the Minister of Finance and Corporate Relations.

Financial and Economic Analysis Branch

- prepares provincial revenue estimates, fiscal forecasts and economic forecasts;
- analyses the impact of events on the provincial economy;
- monitors ministry revenue collection policies and activities and makes recommendations for improvement; and,
- prepares financial and economic reports and publications, such as the *Quarterly Financial Report*, the *Financial and Economic Review* and the *Provincial Budget*.

Taxation and Intergovernmental Relations Branch

- develops provincial taxation policy to meet goals of equity and consistency, to promote economic development, and to ensure adequacy of revenue;
- analyses federal/provincial and provincial/local financial policies and their relationships; and,
- reviews and analyses federal tax policy changes and proposals to determine impacts on the provincial government and on the economy.

Risk Management Branch

In July 1988, the Risk Management Branch was transferred from the Ministry of Provincial Secretary and Government Management Services to Treasury Board Staff. Risk Management is a systematic process for the identification, analysis and treatment of the risks of accidental loss. The branch is responsible for the effective management of the risks of loss to which government is exposed through its assets, programs and operations.

The Risk Management Branch:

- develops and implements a comprehensive risk management program for government and selected public entities;
- provides a viable funding system to meet loss situations, including the development and administration of self-insurance programs and the purchase of external insurance;
- provides claims administration facilities to settle claims for government and public bodies;
- establishes policies on indemnification and risk transfer issues; and,
- provides consultative advice to Crown corporations, agencies and other public entities.

ACTIVITY MEASURES

ACTIVITY	1986/87[1]	1987/88	1988/89	COMMENTS
Treasury Board submissions received and processed	535	449	490	In the last three reporting periods, Treasury Board Staff operated with approximately 65 full-time equivalents.

[1]Covers period from January 1, 1986 to March 31, 1987.

Information Brokerage Policy

The government maintains several statutory and regulatory databases such as the land title and central registry databases. The general public may access these databases upon payment of a statutory fee.

In response to requests for access to government registry information via the personal computer and to ensure the security of government registry information, Treasury Board established an inter-ministry working group to review general issues relating to electronic access to government information.

In November 1988, Treasury Board approved the provision of public access via personal computer to the land title registry, the central registry of liens and the companies registry. The new service, B.C. OnLine, will be administered by the Ministry of Government Management Services in cooperation with the British Columbia Systems Corporation and will be operational in July 1989.

Risk Management for Delivery of Social Programs

Through contractors, societies and local governments, the province delivers a wide variety of social programs. Because of concern over the lack of available or affordable insurance coverage for these service providers, and concern over who should bear the cost of the involved risks, the Deputy Ministers' Committee on Social Policy requested an inter-ministry committee be established to examine the insurance and risk management issues involved in the delivery of services on behalf of government.

Based on the committee's recommendations, Treasury Board directed the Risk Management Branch to arrange a master insurance plan for the service providers. This plan is effective April 1, 1989.

ADMINISTRATION AND SUPPORT SERVICES

Administration and Support Services Division is responsible for financial, administrative, technical, personnel and computer services for staff of the Ministry of Finance and Corporate Relations.

Financial Services and Administration Branch

- manages the financial administration and control of the ministry, ministry records management, office space and ancillary services;
- assists in the development and maintenance of ministry forms, and policy and procedure manuals;
- coordinates preparation and presentation of the ministry budget, including the briefing documents for ministry executive and Treasury Board;
- develops and/or interprets budget policies and procedures;
- reviews and monitors ministry fees and licences;
- maintains the ministry accounting system;
- manages the provincial Suggestion Awards Program for government employees; and,
- provides computer systems support, hardware procurement and software development for the minister's office, the ministry executive and for the division.

Personnel Branch

- provides services to ministry employees in all areas of human resource management, including organizational analysis and planning, classification analysis and evaluation, recruitment and placement services, labour relations, safety, training and development, career management benefits, and administrative services;
- develops and/or interprets personnel policies and procedures; and,
- initiates, develops and implements programs to improve human resource management at all levels in the ministry.

Information Technology Management Branch

- provides guidance to the ministry in all areas of information management and automation;
- provides central computer processing facilities, technical and product support services and general data resource management skills required across the ministry;
- defines, develops and establishes benchmarks for all automated activities within the ministry; and,
- supports and assists the activities of the ministry's Systems Review Committee.

ACTIVITY MEASURES

ACTIVITY	1986/87	1987/88	1988/89	COMMENTS
Forms management				
• Forms handled (includes design, printing, inquiries, research, etc.)	850	508	576	The 50 per cent increase in design activity resulted from forms developed to support the *International Financial Business Act* and the *International Financial Business (Tax Refund) Act*. One full-time equivalent was dedicated to forms design in 1987/88 and 1988/89.
-Design jobs	372	310	452	
-Forms printing requisitions	464	383	323	
Records management				
• Document disposal and records schedule applications raised	189	157	77	The 50 per cent drop in applications is due to the number of records schedules in place which provide on-going authority to dispose. In 1985/86 there were 284 applications. A portion of one full-time equivalent performed this function in 1988/89.
• Boxes of semi-active records transferred to off-site storage	9,318	5,562	5,704	
Central services manual				
• Amendments issued	15	12	12	For the last three reporting periods, one full-time equivalent has been dedicated to manuals.
• Sections revised	98	66	65	
Ministry vouchers processed	31,181	26,145	27,452	Since January 1987, the number of full-time equivalents has remained at 3.
Ministry payroll forms processed	10,853	9,318	10,350	Four full-time equivalents processed payroll forms in 1988/89.
Personnel placements	432	313	355	Staffing levels returned to normal during the period as the government-wide staffing freeze was lifted.
Training hours				
• Management	4,485	5,167	6,891	While overall training hours increased, higher focus was placed on management training hours as shown by the significant increase in management training hours.
• Technical/clerical	7,424	8,497	7,424	

Revenue Management Information System

During this reporting period, the Fee and Licence Inventory module was completed. The ministry's fees and licences have been loaded into the system along with historical and other relevant revenue data.

Forms Management

An Inter-ministry Forms Committee (IMFC) was established in 1986 and is currently mandated by the British Columbia Archives and Records Services. During the reporting year, the committee recommended that invitations to quote be issued to businesses wishing to stock and distribute government forms. In December 1988, a contract was established with the successful bidder. As a result, the government will save in excess of $24,000 over the 28-month life of the contract, while additional savings will result from simplified operations in the branch responsible for the forms.

This contracting exercise will assist an IMFC sub-committee in developing *Standards for Contracting Storage and Distribution Services for Government Forms and Envelopes* to be issued by the British Columbia Archives and Records Service in April 1989. The *Executive Summary of the IMFC Report on Forms Management in the Government of British Columbia* was issued in January 1989 and reported that this ministry's forms management program produced net savings of $870,000 over a recent four-year period. The IMFC was convened by the Deputy Provincial Secretary in June 1988.

Suggestion Awards Program

The government emphasized its commitment to the Suggestion Awards Program by increasing the maximum award from $10,000 to $25,000 for suggestions received on or after June 1, 1988. The portion of savings which may be awarded was also increased from 10 per cent to 15 per cent. This increase is consistent with other organizations in the public and private sector.

The program also introduced a "topping up" provision to offset the payment of income tax by the award recipient.

As a result of these changes, awards paid increased from a previous high of $30,955 in 1987/88 to $41,887 in 1988/89.

Savings generated from suggestions awarded in 1988/89 were $422,295 — the program's second best year after the $1,359,419 saved in 1987/88. While the number of employees in government declined during the reporting period, the number of suggestions received remained relatively constant: 360 in 1987/88 and 334 in 1988/89. The number of suggestions received is expected to increase in 1989/90 due to a campaign designed to increase awareness of the program. The campaign includes a bi-annual insert in the government postings and in inter-ministry competitions.

The Ministry of Forests achieved the highest record of savings, while the Ministry of Environment achieved the best participation record for the year.

Decentralization of Systems Services

The recent explosive growth in the use of computers and other information technology required the ministry to re-examine its traditional approach to data automation. Historically, economies of scale required data processing to be consolidated in one branch. With the rapid decline in computer costs and complexity, combined with the increase in computer skills across the workforce, the ministry returned routine operating and development functions to the programs served.

During the past year, the ministry restructured the following information processing activities to correspond more closely: trends in information technology with program operations; divisional business strategies with technology; user needs with services provided; and government policies with future decisions.

This decentralization of dedicated operations and maintenance responsibilites ensures that the associated costs and benefits are accrued to the target programs.

Leave Management System

During January and February 1989, the ministry, together with the DMR Group Inc., designed and developed a new leave management system for government. This new system replaces the former government-wide leave management system and records overtime hours, the reason for overtime, sick bank hours and vacation leave.

Training Initiatives

In 1988/89, the ministry focussed its training program on providing new course material for supervisory and management personnel.

These courses were based on identified needs and included training in negotiating skills, writing skills, workforce planning, time and productivity management, and problem-solving techniques. Audio visual, self-study and lunch hour programs were presented to minimize the time away from work.

CENTRAL STATISTICS BUREAU

The Central Statistics Bureau develops statistical information for the province and provides quantitative analysis to ministries for decision-making support. The Bureau represents the province on the Federal-Provincial Consultative Council on Statistical Policy and on many other federal-provincial technical committees.

The Bureau executes the responsibilities of the Minister under the Statistics Act, which include:

- developing, producing, interpreting, projecting and disseminating statistical information which describes the economic, social and demographic structure of the province;
- assisting ministries in the collection, compilation, analysis and distribution of statistical information;
- assisting ministries in establishing appropriate technical standards and procedures to avoid duplication in collecting information; and,
- coordinating statistical activities between the government and statistical agencies of other governments.

The Bureau's main operational functions are carried out through two branches — Statistics and Quantitative Analysis.

Statistics Branch

- coordinates statistical relations within government and between British Columbia and other governments;
- produces and publishes population estimates and projections and other demographic data, including official population counts used to determine the value of municipal grants;
- develops and provides production, labour market, external trade, tourism and other statistics which measure the relative economic performance of the province's industrial sectors and regions;
- develops and produces statistics on health and on the educational, cultural and general social characteristics of British Columbia's population;
- operates data enquiry services in Victoria and Vancouver, answering requests for statistics and statistical analysis from government, business and the general public;
- provides expertise in survey management, including questionnaire design, classification systems, appropriate sampling frames, and the use of administrative records;
- maintains a comprehensive statistical database on the province's small business community as well as several databases indentifying and categorizing companies and establishments operating in the province; and,
- classifies information from postal coded files into geographic areas, municipalities, school districts, health areas, environmental protection districts or economic development regions.

Quantitative Analysis Branch

- develops and maintains a system of national accounts and produces the *British Columbia Economic Accounts* — available on diskette and in a printed edition — detailing the performance of the provincial economy;
- maintains econometric models used in preparing provincial economic forecasts in cooperation with other government offices, including Treasury Board Staff;
- carries out current economic analysis and special projects at the request of government agencies;
- provides mathematical models and modeling expertise for financial evaluation of major industrial projects, economic impact assessments and operations research;
- provides expertise in statistical techniques, including sampling, regression analysis, tests of significance and seasonal adjustments; and,
- provides expertise in computer-based quantitative methods.

ACTIVITY MEASURES

ACTIVITY	1987/88	1988/89	COMMENTS
Number of requests for statistical information and analytical assistance	8,152	11,580	The large increase in the number of requests is attributable to a data enquiry service, established at the Enterprise Centre in Vancouver in 1987.

Revised External Trade Statistics

Beginning in January 1988, the Central Statistics Bureau adopted the internationally accepted "harmonized system" of commodity classification for the production of external trade statistics. In addition to improving international comparisons, more details of commodity and geography are now available, including statistics on British Columbia's trade with the United States. This expanded body of trade data will be of considerable assistance in implementing and monitoring the Free Trade Agreement and in negotiating multilateral trade issues affecting British Columbia. The statistics — developed from data supplied by Statistics Canada — will be produced monthly and will be available on diskette.

Immigration Statistics

In response to the growing importance of immigration which influences demographic change, the Central Statistics Bureau expanded its collection and dissemination of immigration statistics in 1988/89. From the immigration database, the Bureau produces quarterly and annual reports on the origin and destination of immigrants, immigrant landings by nationality, and job creation and investment figures associated with the entrepreneurial and investor immigration programs.

Electronic Data Dissemination

In 1988/89, the Central Statistics Bureau increased its distribution of products in electronic form. BCSTATS is an information system produced for economic development commissioners and is available on IBM compatible diskettes as well as on the B.C. Business Network, a dial-in service operated by the Ministry of International Business and Immigration. BCSTATS is a collection of regional and community statistics. Extensive, up-to-date information is available on the following topics: population estimates and projections; building permits and housing starts; tourism; business counts; bankruptcies and incorporations; employment and payroll; major projects; current macroeconomic indicators; and, income and labour force.

In addition to the printed edition, the British Columbia Manufacturers' Directory is also available on diskette and through the B.C. Business Network. BCMD carries the name, address, industry, employment, products and export activities of all provincial manufacturers. Over 3,000 product types from 6,000 plants are identified by region and community.

CORPORATE RELATIONS

Corporate Relations is responsible for administering and maintaining legislation governing financial and commercial activities.

The division advises the government on corporate and financial institutions policy and, in accordance with the relevant legislation and regulations, regulates financial institutions and related entities.

It provides corporate registration services as well as registration services for personal property encumbrances and mobile homes.

The division aims to facilitate stable and orderly markets which maintain public confidence and which accompany a strong and efficient financial sector.

In addition, the objective of the division is to facilitate provincial economic activity through the provision of an efficient public registry service at a reasonable cost.

Corporate, Central and Mobile Home Registry

The Corporate, Central and Mobile Home Registry is composed of three registries.

CORPORATE REGISTRY

- creates and maintains complete corporate files on all British Columbia and extraprovincial companies, societies, cooperatives, trust companies, partnerships, library associations, private act companies, railway and tramway companies; and,
- provides current information from all files to the general public as well as to law enforcement agencies, government ministries and agencies, legal and accounting professions, and financial institutions.

CENTRAL REGISTRY

- examines and registers all encumbrances against personal property filed pursuant to the *Chattel Mortgage Act*, the *Sale of Goods on Condition Act*, the *Book Accounts Assignment Act*, the *Company Act* and the *Repairers Lien Act*; and,
- provides this information to interested parties upon request and upon payment of a prescribed fee.

MOBILE HOME REGISTRY

- registers all mobile homes, transfers of ownership and security interests, and discharges and authorizes issuance of transport permits under the *Mobile Home Act*; and,
- provides ownership, location and encumbrance information with respect to mobile homes to interested parties who have paid the prescribed fee.

Superintendent of Financial Institutions

The Superintendent of Financial Institutions administers and enforces British Columbia's legislation[1] governing financial institutions.

The office of the Superintendent of Financial Institutions:

- inspects credit unions, trust companies and insurance companies, and analyses financial statements and reports for irregularities, financial and administrative prudence and compliance with legislative and regulatory guidelines;
- registers trust companies and international financial businesses;
- incorporates cooperatives;
- licenses real estate and mortgage brokers; insurance companies, agents and adjusters; captive insurance companies and subsidiaries of financial institutions as international financial businesses;
- develops financial requirements and standards for financial institutions;
- assesses and approves new products offered by financial institutions for statutory compliance; and,
- investigates alleged violations of legislation and regulation.

Policy and Legislation Branch

- provides advice and recommendations regarding corporate and personal property security, and financial institutions policy and financial market policy;
- implements policy decisions, including drafting legislation and regulations;
- coordinates with other branches to develop administrative policies and implement new programs; and,
- liaises with representatives of the federal government and other provincial governments, as well as senior industry officials, in order to contribute to the development of an up-to-date, national regulatory framework governing the rapidly-evolving Canadian financial services industry.

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[1]Legislation administered by the Superintendent of Financial Institutions includes;

Cooperative Association Act
Condominium Act
Credit Union Act
Insurance Act
Insurance (Captive Company) Act
Insurance (Marine) Act
International Financial Business Act
International Business (Tax Refund) Act
Mortgage Brokers Act
Mutual Fire Insurance Companies Act
Real Estate Act
Trust Company Act

ACTIVITY MEASURES

ACTIVITY	1986/87	1987/88	1988/89
Trust Companies			
• Number of trust companies	63	69	70
• Trust companies examinations	45	30	42
Insurance			
• Number of B.C. insurance companies	10	11	11
• Number of extraprovinical insurance companies	n/a	345	341
• Number of captive insurance companies	n/a	0	9
• Insurance agencies	1,127	1,064	2,016
• Insurance salespersons	8,428	8,278	7,509
• Insurance adjusters	428	419	441
• Insurance company examinations	3	9	12
Real Estate			
• Real estate salespersons	8,600	9,188	11,349
• Real estate agents	2,533	2,456	2,576
• Mortgage brokers	136	140	155
• Sub-mortgage brokers	322	288	325
• Strata plans	581	638	853
• Prospectus and plans	151	202	583
Corporate Investigations			
• Files investigated	3,732	1,396[1]	350
• Prosecutions	19	11	26
• Orders and search	77	36	52

[1]Includes securities investigations during fiscal year 1987/88; responsibility for securities investigations transferred to the Securities Commission in December 1987.

ACTIVITY	1986/87	1987/88	1988/89
Credit Unions			
• Number of credit unions	125	122	118
• Total assets	$6.7 billion	$7.4 billion	$8.2 billion
• Members' deposits	$6.4 billion	$6.8 billion	$7.6 billion
• Equity shares and retained earnings	$100 million	$140 million	$187 million
• Number of members	977,135	989,936	997,974
• Number of credit unions under supervision	27	22	19
• Total assets under supervision	$1,934 million	$1,993 million	$1,300 million
• Fee income			
– Credit union inspections	$655,578	$697,534	$736,466
– Filing and miscellaneous	$17,637	$21,606	$14,603
• Credit union examinations	152	138	107

ACTIVITY	NUMBER OF COOPERATIVES			NUMBER OF INCORPORATIONS			NUMBER OF DISSOLUTIONS	
	86/87	87/88	1988/89	86/87	87/88	1988/89	87/88	1988/89
Cooperatives								
• Housing	265	255	263	15	14	15	6	25
• Consumer	109	92	86	1	1	1	7	18
• Producer	66	61	57	0	1	0	5	5
• Service	51	50	52	1	3	1	1	2
• Workers	28	29	28	1	0	1	1	0
• Other	15	14	14	2	1	2	1	3
• Community	15	15	13	0	0	0	2	0
• Manufacturing	7	7	7	0	0	0	0	0
• Extraprovincial	17	18	18	1	0	0	0	0
Total	**573**	**541**	**538**	**21**	**20**	**21**	**23**	**53**

ACTIVITY	1986/87	1987/88	1988/89
Corporate Registry			
• B.C. companies	21,675	18,648	19,494
• Extraprovincial companies	1,732	1,657	1,815
• Trust companies	5	3	5
• Partnerships	11,142	9,222	9,456
• Cooperatives	52	21	22
• Societies	1,420	1,202	1,267
• Change of names			
– Companies	5,553	5,300	5,288
– Societies	137	129	118
• Amalgamations	422	360	457
• Continuation – 36 (into B.C.)	142	100	129
• Continuation – 37 (out of B.C.)	179	164	162
• Dissolutions			
– Companies	17,583	12,887	13,355
– Societies	2,936	756	682
– Partnerships	752	655	664
• Restorations			
– Companies	865	712	537
• Encumbrances	94,582	81,843	81,063
• Filings	328,852	264,714	224,687
• Miscellaneous			
– Certificates of good standing	6,497	5,973	5,453
– Certified copies	30,641	58,704	58,701
• Names			
– Searched	n/a	113,695	97,665
– Reserved	n/a	n/a	42,068
• Searches			
– Companies	414,212		293,517
– Central	423,502	333,113 343,121	336,427
Central Registry			
• Documents registered under the *Chattel Mortgage Act*, the *Sale of Goods on Condition Act*, and the *Book Accounts Assignment Act*.	541,642	494,410	517,298
Mobile Home Registry			
• Transfer of ownership	9,178		10,526
• Searches	18,344	10,107	19,581
• Copies of documents	7,929	19,253 17,846	17,832

Financial Institutions Act

A discussion paper entitled *Financial Institutions Act: Major Policy Proposals* was published in October 1988. The paper outlined objectives for regulating financial institutions and addressed incorporation procedures, business powers, investment and lending rules, responsibilities of directors and auditors of financial institutions, rules for related or non-arms' length parties and conflicts-of-interest, financial product marketing rules, regulation of extraprovincial trust and insurance corporations, the roles of Cabinet, the Minister and the Superintendent of Financial Institutions, and enforcement powers.

This document incorporated public response to the 1987 discussion paper on amendments to the *Credit Union Act* and to a paper outlining major insurance policy objectives. It continued the extensive three-year consultation between the financial services industry and the government on consolidated financial institutions legislation for trust companies, insurance companies and credit unions.

The Minister of Finance and Corporate Relations has participated in ongoing intergovernmental discussions on these matters, and also in inter-provincial efforts to harmonize legislation governing financial institutions across Canada.

New legislation will be tabled in the spring 1989 session of the Legislature as a result of these discussions.

Intergovernmental Information Sharing Agreement

In October 1988, the four western provinces signed an Information Sharing Agreement intended to increase the effectiveness of financial institutions regulation by encouraging the exchange of information and the coordination of regulatory activity. This agreement enables regulators to act swiftly and cohesively when necessary. Information is exchanged for the purposes of policy development, administration and enforcement of financial institutions legislation.

The Western Provinces Information Sharing Agreement received such a favourable reception that it has become the model for an Inter-provincial Information Sharing Agreement signed by all 10 provinces.

Credit Union Amendment Act

Effective June 1988, the *Credit Union Amendment Act* clarified the statutory authority of the Credit Union Deposit Insurance Corporation (CUDIC) to direct a credit union — under supervision — to amalgamate with another credit union, and to carry out the amalgamation. These amendments were made retroactively in order to remove any legal uncertainties surrounding the CUDIC-directed amalgamation of First Pacific Credit Union and Westcoast Savings Credit Union, by ensuring that the amalgamated credit union was properly constituted and authorized to carry on business.

Credit Union Amendment Act (No.2), 1988

A second amendment to the *Credit Union Act* provided government backing of credit union deposit insurance in British Columbia up to $100,000 per deposit. Proclaimed on June 29, 1988, this guarantee applies to non-equity shares and money on deposit in a credit union as defined by the Credit Union Deposit Guarantee Regulation, and insured by CUDIC.

Insurance Retailing

Policy Statement 88-2 — issued under Part 10 of the *Insurance Act*, and accompanied by regulations under section 182(f) of the *Credit Union Act* and section 100(3) of the *Trust Company Act* — regulates the sale of insurance in banks, credit unions and trust companies.

This policy is intended to protect both consumers of insurance and the independence of insurance agents. Effective May 27, 1988, insurance agents are prohibited from sharing premises with banks, credit unions and trust companies. Insurance agents who shared premises with a credit union on or before this date may continue to share the premises, but must be located in a separate and distinct area from the business offices of the credit union.

Property and Casualty Insurance Compensation Plan

An industry-run and financed compensation fund to cover the outstanding claims of insolvent property and casualty insurers went into effect in British Columbia in September 1988. This plan provides up to $200,000 insurance coverage for valid claims incurred up to 45 days after an insurer becomes insolvent. The unearned portions of premiums are not eligible for compensation.

To facilitate British Columbia's participation in the plan, *Insurance Act* amendments were proclaimed which require property and casualty insurers to be members of a designated compensation plan, and to meet solvency standards set by the Superintendent.

Captive Insurance Companies

The *Insurance (Captive Company) Act*, effective June 1987, established British Columbia as the first Canadian domicile for captive insurance companies.

In the past year, British Columbia experienced growth in its captive insurance companies — even though internationally the number of captive insurance companies declined due to low premium rates. Four captive insurance companies were licensed under the Act during 1988/89, bringing the total to nine.

International Financial Business (IFB)

The *International Financial Business Act* and the *International Financial Business (Tax Refund) Act* were proclaimed on October 31, 1988. Intended to encourage the development of Vancouver as an international financial centre, the two statutes provide a tax and regulatory framework for companies conducting international financial business. During 1988/89, 11 financial institutions were registered under the *International Financial Business (Tax Refund) Act*.

Real Estate Errors and Omissions Insurance Program

The *Real Estate Amendment Act, 1987* as amended by sections 26 to 34 of the *Miscellaneous Statutes Amendment Act (No. 5) 1987* went into effect February 1, 1988. These amendments provide all licensed real estate agents and salespeople in British Columbia with mandatory errors and omissions insurance, which is industry-financed and operated by the Real Estate Errors and Omissions Corporation.

Personal Property Security Act

A draft *Personal Property Security Act* (PPSA) was released for public discussion in July 1988. As a result of this consultation, legislation will be introduced in the spring 1989 session of the Legislature, establishing a consolidated personal property registry and providing a comprehensive and modern regulatory structure for secured loan and credit transactions in British Columbia.

Cooperative Association Amendment Act, 1987

In response to long-standing requests by the cooperative sector, and also to recommendations arising from the 1986 final report of the Inquiry into Social Housing for British Columbia, the *Cooperative Association Act* was amended to modernize provisions which had been hampering the operation of associations. The amendments also provided operating rules for the housing cooperative sector. These amendments went into effect on June 30, 1988.

OFFICE OF THE COMPTROLLER GENERAL

The Comptroller General is the province's chief accounting officer who holds broad statutory authority for maintaining the government's accounting system. The Office of the Comptroller General maintains the quality and integrity of the government's financial management and control systems.

The Office of the Comptroller General assists Treasury Board in fulfilling its responsibilities under the *Financial Administration Act*. Under this Act, the Comptroller General is responsible for:

- all matters relating to accounting and financial administration policies and practices;
- government payroll and payments systems;
- ensuring the proper collection and expenditure of public money;
- reporting, accounting and financial control systems of government;
- maintaining central accounts;
- preparing financial statements and public accounts; and,
- evaluating accounting and financial management systems throughout the government.

Financial Disbursement Operations Branch

- verifies and processes payment vouchers submitted by ministries and produces most government cheques;
- audits cheque requisitions to ensure compliance with financial policies and procedures;
- controls all transactions entered into the government's central financial system; and,
- provides "one-stop" service to ministries and suppliers regarding the status of payments to or from the government.

Government Payroll Office

- produces bi-weekly payroll for MLAs, ministers and government employees and provides related salary management and staff data; and,
- is the central agency providing payroll services and training for government; and,
- verifies and processes payroll forms to ensure compliance with policy and regulations.

Accounting and Reporting Branch

- controls and maintains the system of central accounts of government;
- records financial data in the system and issues financial reports to ministries;
- ensures accurate and timely reconciliation of certain major bank accounts of the province;
- provides a focal point for government-wide revenue and accounts receivable administration, including the management of set-offs and other legal encumbrances;

- ensures an orderly system for the disposal of accounts receivable under the *Financial Administration Act*, and assists ministries in reporting adequate provisions for doubtful accounts;
- prepares financial reports required by statute including the *Public Accounts of British Columbia*, the *Interim Financial Statements of the Comptroller General* and a schedule of special warrants authorized by the Lieutenant-Governor in Council;
- prepares monthly financial reports for management;
- prepares annual *Supply Acts* for introduction by the Minister of Finance and Corporate Relations in the Legislative Assembly; and,
- advises ministries on accounting policy.

Financial Management Branch

- develops government financial management and control policies;
- makes recommendations on financial legislation, related regulations and financial provisions of operating legislation;
- ensures integrity of government financial systems by establishing effective control standards and reviewing financial systems for compliance with Treasury Board policy;
- assists ministries in implementing Treasury Board financial management policies and procedures; and,
- develops and delivers financial management training for government personnel and assists ministries in providing training in areas specific to their needs.

Systems Support Branch

- provides maintenance support, development, security and integration of the government's central financial data processing systems.

Internal Audit Branch

- provides Treasury Board and deputy ministers with audits of internal controls, policies, practices and appraisals of impact on ministry operations;
- audits claims made by the province under federal-provincial cost-sharing agreements using either branch staff or private sector firms;
- conducts special investigations and audits in cases of suspected fraud, waste, error, irregularity or impropriety throughout government;
- coordinates the preparation of the *Response to the Report of the Auditor General*, and,
- appoints external auditors of designated public bodies.

ACTIVITY MEASURES

ACTIVITY	1986/87	1987/88	1988/89	COMMENTS
Production cost per government payroll cheque/deposit	$0.34	$0.24	$0.22	Improvements to the payroll system and a reduction in British Columbia Systems Corporation rates helped to lower production costs.
Payroll vouchers processed for government	862,000	641,000	654,000	The increase in the number of vouchers processed reflects the increase activity in payroll, caused by the implementation of new collective agreements and the Federal Government's "Tax Reform" program.
Payment vouchers processed for government	955,400	740,000	740,000	The number of full-time staff declined from 34 to 32 in 1988/89.
Number of cheques produced for government	4.0 million	3.7 million	3.7 million	The number of cheques issued and the number of vouchers processed remained close to the normal annual volume.
Training days delivered	3,231	2,986	3,672	In July 1988, training programs offered by the OCG were privatized when four Financial Management Branch employees formed Three-E Training Inc. Under the sponsorship of the OCG, Three-E offers courses on Government Financial Management and Control, Managing Government Contracts, Government Material Management, and an executive workshop on Managing Contracted Services. A Financial Management Certificate program establishes a recognized para-professional standard for junior and intermediate financial and audit positions.
Direct internal audit hours	34,046	28,887	29,618	The level of productivity has remained relatively unchanged. The number of full-time equivalents increased to 33 during the last quarter.
Percentage of total hours	67 per cent	66 per cent	64 per cent	
Accounts receivable recovered through set-offs	$0.8 million	$1.2 million	$5.4 million	Recoveries of public money through set-offs under the *Financial Administration Act* have increased significantly since 1986/87.
Control of revenue received through government agents and courts	$312 million	$317 million	$592 million	The number of full-time equivalents performing this activity remains at 2.8.

Public Accounts and Reporting

As in past years, the Accounting and Reporting Branch of the Office of the Comptroller General continues to improve the readability, timeliness and usefulness of the *Public Accounts*.

Significant changes were made in Volume I to separate the effects of the Budget Stabilization Fund from normal operating results. A new section "A" has been created to report only the operating results of the General Fund. The combined statements continue to reflect Consolidated Revenue Fund results for the fiscal year (includes the Budget Stablization Fund and the General Fund).

Excess detail has been removed from Volume II by establishing higher limits on amounts to be reported by individuals. Employees above the rank of assistant deputy minister and/or those receiving $30,000 or more in gross salary are listed by name. Individual suppliers receiving payments in excess of $10,000 during the fiscal year are also included.

A further improvement to Volume II is the listing of grant recipients by name and detailing, for each individual, the amounts awarded from various ministries.

Under the administration section in Volume III, a summary of trust funds has been outlined, which replaces the condensed summary of monies held in trust by the province in Volume I.

Revenue and Accounts Receivable Administration

The Accounting and Reporting Branch has strived to improve the level of management and reporting of government revenue and accounts receivable.

A set-off program, providing for recoveries of accounts receivable under the *Financial Administration Act,* continues to assist ministries in locating and recovering accounts from debtors.

During 1988/89, procedures were introduced to provide for closer monitoring of ministry accounts receivable and for the orderly disposal of uncollectible accounts under the *Financial Administration Act.*

Public Body Auditors

The *Financial Administration Act* requires designated public bodies — including colleges and certain Crown corporations — to conduct a competitive tendering process and to apply specific criteria when assessing audit proposals from public accounting firms.

Upon completion of this process, the public body recommends the appointment of an audit firm for approval by the Minister of Finance and Corporate Relations. Auditors of designated public bodies may be appointed for a term not exceeding three fiscal years.

The Internal Audit Branch completed administration of the first cycle of the appointment of auditors under section 6.1 of the *Financial Administration Act.*

During the year, auditors from seven public bodies were approved. In total, the minister has approved the appointment of auditors of 30 public bodies.

PROVINCIAL TREASURY

Provincial Treasury manages the province's major financial assets and liabilities and is responsible for non-budgetary financial activities, including management of pension and trust funds.

The division undertakes debt financing to meet the capital requirements of the province, its Crown corporations and agencies.

It also manages the province's cash flow, negotiates its bank services, maintains required accounting records, registers securities issued by the Crown, and provides safekeeping for securities on deposit.

Provincial Treasury clients include the province, its Crown corporations, agencies, and the pension funds of provincial, municipal and education system employees.

Debt Management Branch

- recommends and implements the borrowing strategy for the provincial government and its corporations;
- manages the debt of the province and its corporations;
- advises the Minister of Finance and Corporate Relations who, in his capacity as fiscal agent for Crown corporations, is responsible for all external financing activities;
- coordinates, negotiates and completes public and private financings in Canada and abroad;
- operates the province's Canadian and American short-term borrowing programs;
- makes representations on the province's behalf to Canadian and American bond rating agencies;
- represents the province in international financial markets;
- provides a payment and transfer service for debt records managed directly by the province, and contract management services for debt records managed by external parties;
- provides income collection and settlement services for provincially-administered investment funds;
- provides administration and custodial services for securities posted for provincial performance bonding requirements; and,
- records and reports government and Crown corporation debt.

Investments Branch

- recommends investment strategies for the province;
- provides continuous financial market intelligence and research;
- executes investment transactions;
- invests and trades in money, bond and equity markets on behalf of the province;
- conducts credit risk analysis of financial institutions as required;

- provides portfolio management for pension funds, trust funds and sinking funds;
- develops and executes foreign exchange strategies for the province and Crown corporations debt servicing; and,
- operates the province's market maintenance program to ensure British Columbia bonds trade at prices in the best interest of the province.

Banking and Cash Management Branch

- forecasts, monitors and controls the province's cash flow and bank accounts;
- distributes all government payments;
- administers the certificate of approval capital borrowing program, which uses the borrowing power of the province to obtain interim financing, for capital projects undertaken by local government bodies;
- advises ministries on alternate payment and receipt mechanisms, such as electronic funds transfers and credit cards;
- negotiates and maintains the province's banking services agreements and assists in tendering banking services contracts for Crown corporations;
- reconciles certain major provincial bank accounts and produces financial statements as required;
- records all revenue deposited to the Consolidated Revenue Fund and records cashed cheques for the majority of government expenditure programs;
- performs accounting and reporting functions for investment and borrowing transactions;
- prepares annual financial statements for the pooled investment portfolios and for the Financing Authorities; and,
- handles all administrative and personnel matters for the division.

ACTIVITY MEASURES

ACTIVITY	1986/87	1987/88	1988/89	COMMENTS
Funds under investment management	$14 billion	$16 billion	$18 billion	The number of full-time equivalents performing these activities decreased from 65.5 to 61.5 during the reporting period.
Foreign exchange transactions	$1.7 billion	$1.6 billion	$1.0 billion	
Borrowing program	$2 billion	$1 billion	$1.6 billion	
Debt under management	$17 billion	$17 billion	$17.3 billion	
Cash flow under management[1]	$255 billion	$215 billion	$240 billion	
Payment/receipt mechanisms:				
i) Electronic funds transfer[2]				
• Number of transactions	1.6 million	1.7 million	1.9 million	
• Value of transactions	$6.1 billion	$6.7 billion	$7.7 billion	
ii) Cheques				
• Number of cheques	—	1.9 million	2.0 million	
• Value of cheques	—	$78 billion	$81 billion	
iii) Credit Cards				
• Number of transactions	—	176,000	250,000	
• Value of transactions	—	$1.4 million	$2.5 million	

[1]Cash flow under management includes investment and other financing transactions involving the Consolidated Revenue Fund, inter-account transfers and all provincial government revenues and expenditures.

[2]Electronic funds transfer includes those to and from schools, colleges, universities, hospitals, municipalities, day care centres and various other government or government-related agencies, as well as that portion of the government payroll made by direct deposit. One full-time equivalent administered electronic funds transfers.

Debt Management

In June 1988, Provincial Treasury issued the first B.C. Savings Bonds. The offering provided local investors with a secure and competitive savings instrument as well as an opportunity to invest in the province. In return, the province received cost-effective funds to satisfy borrowing requirements. The three-year issue, redeemable semi-annually and subject to coupon adjustments, raised $242 million. Demand for the bonds exceeded the requirements of the province, necessitating early termination of the sale.

On September 30, 1988, B.C. Hydro's Mainland Gas Division was sold to B.C. Gas Inc., a wholly-owned subsidiary of Inland Natural Gas Co. Ltd. Provincial Treasury assisted with the financing arrangements to effect this sale. As part of the privatization, Inland provided the province with a $150 million debenture exchangeable into the common shares of the company. On October 11, the debenture was offered for sale to British Columbia investors as the B.C. Gas Exchangeable Bonds. Within three days the issue was sold to approximately 17,000 investors in amounts of $10,000 and less. The bonds are listed on the Vancouver Stock Exchange and trade at a premium.

Privatization Initiatives

Provincial Treasury recently tendered the settlement/safekeeping functions for its actively-traded, long-term bond portfolio. An important objective of this initiative was to use the portfolio to develop a security lending market in Vancouver. In addition to increasing returns for the portfolio, security lending will support the province's international financial centre initiative.

Another privatization initiative has the province's paying agent for treasury bills assuming the inventory management previously handled by Provincial Treasury. Combining these two functions will enhance the efficiency of the program.

Payment and Collection Systems

The province has introduced a number of "terminal-initiated payments systems" to streamline the payment processes associated with its short-term borrowing program. These systems allow authorized government personnel to transfer funds electronically between pre-determined government and Crown corporation bank accounts. These systems eliminate the manual cheque preparation and paper handling associated with standard cheque payment and wire transfers.

In 1989/90, the province will begin using these systems for its daily investment and cash management transactions. The government has also rationalized the administrative procedures through which these transactions are authorized and executed. The net effect will be an increase in operating efficiency and improved financial control over payments to third parties.

The province is also examining various card technologies to be used for the collection of government revenue. The intent is to streamline collection processes, reduce bank service charges and improve customer convenience where appropriate. Acceptance will ultimately depend upon the overall costs and benefits of these systems.

Investment Management

Traditionally, the Ministry of Finance and Corporate Relations has invested pension funds under its administration in federal and provincial debentures and in high quality short-term securities. In consultation with representatives of the various pension plans, the ministry has determined that it is prudent and desirable to diversify the type of investments held by the pension funds. Accordingly, an investment diversification strategy has been designed which will enhance investment returns while reducing the risk to each pension fund.

This initiative will expand current investment activities to include Canadian equities, corporate debentures, real estate, mortgages and international securities.

Legislation will be passed in the spring 1989 session of the Legislature, allowing the Investments Branch to proceed with investment diversification for certain funds. Implementation of this initiative will require appropriate changes in staffing and systems support, which are being made.

Loan Administration Branch

Effective in the 1989/90 fiscal year, a new branch will be created within Provincial Treasury to take on responsibility for residual loans, previously with the B.C. Enterprise Corporation. The Loan Administration Branch will manage the remaining activities of the Home Mortgage Branch, formerly part of the Ministry of Social Services and Housing. In addition to basic loan management, the branch will administer the bank contract related to the privatized portfolio of second mortgages. The branch will further oversee the new British Columbia Home Mortgage Assistance Program and pursue the collection of accounts which are in arrears.

REVENUE DIVISION

The Revenue Division administers the province's major tax legislation and ensures provisions of this legislation are fairly and consistently applied.

Income Taxation Branch

- administers the *Income Tax Act, Corporation Capital Tax Act, Logging Tax Act, Mining Tax Act, Insurance Premium Tax Act,* Part IV of the *Fire Services Act* and the *Property Purchase Tax Act*;
- assists Revenue Canada as required under the *Income Tax Act* (Canada)[1]; and,
- approves tax incentives under the *Small Business Venture Capital Act* and the *International Financial Business (Tax Refund) Act*.

Consumer Taxation Branch

- administers the *Social Service Tax Act, Hotel Room Tax Act, Tobacco Tax Act, Motor Fuel Tax Act* and *Horse Racing Tax Act* through 15 district offices — Victoria, Penticton, Vancouver, Kamloops, Williams Lake, Cranbrook, Prince George, Kelowna, Dawson Creek, Terrace, Nanaimo, Nelson, Vernon, Campbell River and Chilliwack;
- registers businesses which collect taxes on behalf of the province;
- conducts field audits and inspections of these businesses' tax collection records;
- carries out office audit and collection programs; and,
- provides public information on the legislation administered by the branch.

Revenue Administration Branch

- provides tax administration, accounting and collection services for the division; and,
- provides the division with information systems and services support.

Real Property Taxation Branch

- issues over 300,000 annual and supplementary real property tax billings in rural areas of the province under authority of 19 provincial statutes, including the *Taxation (Rural Area) Act, Education (Interim) Finance Act*, and the *Municipal Act*;
- collects delinquent taxes due and payable through functional direction of 47 government agents located throughout the province;
- approves grant applications under the *Home Owner Grant Act* from home owners in rural areas, and manages the *Land Tax Deferment Act* for applicants in all areas of the province; and,
- conducts tax billings and compliance reviews on 147 municipalities which collect and remit non-residential school taxes under the *Education (Interim) Finance Act*.

[1]Under a tax collection agreement, the federal government collects personal and corporate income taxes on behalf of the Government of British Columbia.

ACTIVITY MEASURES

ACTIVITY	1986/87	1987/88	1988/89
Taxes paid		($ millions)	
Consumer tax	2,752	2,194	2,469
Income tax[1]	169	292	402
Real property tax[2]	266	279	295
Municipal non-residential school tax	385	315	366
Total	3,572	3,080	3,532
Tax returns and payments[3]			
Number received and processed	1,294,000	1,127,000	1,182,000
Collection activities			
Payments collected			
• Value	$49.1 million	$41.3 million	$36.7 million
• Number	41,651	32,290	31,851
Accounts under collection (average)			
• Value	$59.9 million	$45.8 million	$47.2 million
• Number	10,380	7,909	7,396

[1]The substantial increase is mainly attributable to property purchase tax.

[2]Net of home owner grants.

[3]The number of full-time equivalents managing and handling returns and collections as at March 31, 1989, was 75.

RURAL PROPERTY TAXATION INFORMATION

YEAR	NUMBER OF RURAL TAX ACCOUNTS	TOTAL PROPERTY TAXES LEVIED	TOTAL SCHOOL TAXES LEVIED	LOCAL GOVERNMENT TAXES LEVIED	OTHER TAXES LEVIED
			($ millions)		
1981	285,000	29.2	197.3	38.9	2.5
1982	294,000	36.1	230.4	47.1	2.7
1983	301,000	32.6	231.8	50.8	2.7
1984	304,000	34.0	227.1	54.9	2.9
1985	306,750	38.1	215.2	57.2	3.0
1986/87	320,840	36.7	207.1	62.4	4.4
1987/88	301,897[1]	35.9	199.1	66.1	3.3
1988/89	302,766	35.4	215.9	72.9	3.4

The number of full-time equivalents (including temporary staff) dedicated to managing accounts and collecting taxes was 22.7 at March 31, 1989. Local government taxes include those for improvement districts, regional districts, hospital districts, library districts and similar levies.

HOME OWNER GRANTS IN RURAL AREAS

YEAR	APPLICATIONS	TOTAL GRANTS APPROVED
1981	85,590	$33,900,000
1982	85,956	$34,493,000
1983	84,967	$36,261,000
1984	111,335	$37,248,000
1985	113,000	$37,500,000
1986/87	120,326	$38,765,000
1987/88	101,004[2]	$34,179,000
1988/89	104,933	$37,648,000

The land tax deferment program is administered under the *Land Tax Deferment Act (1974)*. The program allows eligible taxpayers (60 years old or over, a widow or a widower, or a handicapped person as defined in the *Guaranteed Available Income for Need Act*) in both rural and municipal areas to defer payment of property taxes. For the 12-month period ending March 31, 1989, $3,370,000 in property taxes were deferred. At the end of the year there were 2,700 agreements in effect with accounts receivable of $19,400,000. Costs are recovered from simple interest charges applied to deferred property taxes when deferral agreements are paid out.

[1]The drop in rural tax accounts is due to a number of rural areas incorporating into municipalities.

[2]An increase in the minimum tax payment requirement resulted in fewer home owner grant applications.

ACTIVITY	1986/87	1987/88	1988/89	COMMENTS
Consumer Taxation				
Number of registered accounts				The number of Consumer Taxation Branch full-time equivalents decreased from 169 in 1987/88 to 168 in 1988/89.
• *Social Service Tax Act*	72,045	72,810	73,944	
• *Hotel Room Tax Act*	2,031	1,993	1,946	
• *Tobacco Tax Act*	73	63	57	
• *Motor Fuel Tax Act*	2,604	2,704	2,760	
Number of audits conducted	3,340	3,135	2,866	
Total audit recovery	$23,055,454	$22,125,435	17,067,355	
Income Taxation				
Number of audits conducted	6,433	2,737[1]	5,194[2]	The number of Income Taxation Branch full-time equivalents increased from 16 to 19, due to the introduction of the property purchase tax.
Total audit recovery	$7,440,000	$3,662,096	7,492,733[2]	

[1]These figures reflect a phasing down of the corporation capital tax program.

[2]Includes audits and recovery under property purchase tax.

International Financial Business

In conjunction with Corporate Relations, the Income Taxation Branch developed and implemented the regulations and administrative procedures pertaining to the *International Financial Business (Tax Refund) Act*.

Under the program, approved businesses, specialists and eligible employees may earn rebates on their provincial income tax — provided they engage in an approved international business activity which is new to Vancouver.

Changes in Municipal Administration of Provincial Non-Residential School Taxes

After an extensive review by the Real Property Taxation Branch, a new regulation to the *Education (Interim) Finance Act* was passed to improve the administration of provincial non-residential school taxes collected by municipalities and remitted to the province under Part 4 of the Act.

The regulation, effective from the 1988 taxation year, sets revised payment due dates and the manner in which the municipalities forward collected taxes to the province. The new dates and conditions are designed to improve the cash flow of collected non-residential school taxes to the province.

Requirements of municipalities to provide information with remittances are also clarified in the regulation, thereby assisting in the reconciliation of provincial and municipal accounting records for non-residential school taxes.

The Real Property Taxation Branch has reviewed the success of the regulation for 1988, and is working in a cooperative effort with the province's municipalities to further enhance the regulation and its administration while preserving cash flow to the province.

Rebates for Softwood Lumber Products Export Charges

The Consumer Taxation Branch was responsible for verifying and processing all compensation claims submitted under the *Softwood Lumber Products Export Charge Compensation Act*. This Act provided for a rebate of the softwood lumber export charge paid by qualifying exporters during the month of November 1987. The Act came into effect in January 1988 and expired on December 31, 1988.

A total of 87 claims, with a gross value of $1,274,743, were received by the branch. As a result of the audit verification conducted, the value of the approved claims was reduced by $61,268. In addition, 16 claims — with a gross value of $230,157 — were rejected. The 71 approved claims had a gross value of $999,231.34, including interest. All claims submitted were processed by March 23, 1989. The program has now expired.

Special Occasion Licences

During 1988, the Consumer Taxation Branch and the Liquor Distribution Branch cooperated in the development of legislation and procedures to reduce revenue loss from liquor sales under Special Occasion Licences.

Although tax was required to be collected and remitted on the resale value of liquor sold during events requiring a special

occasion licence, few sponsors complied with this requirement.

This not only resulted in revenue loss, but also resulted in unfair competition for local licensed premises — such as bars, lounges and restaurants — who do collect and remit tax from their liquor sales.

Legislation was introduced in the 1989 budget to eliminate this inequity and reduce revenue loss. Sponsors of such events will be required to prepay an amount equal to the tax collectable on the expected resale value of the liquor at the time they acquire a special occasion licence. This requirement will be effective May 1, 1989.

COMMUNICATIONS BRANCH

The ministry's Communications Branch includes three staff members reporting to the deputy minister of Finance and Corporate Relations.

The overall objective of the Communications Branch is to inform various audiences of emerging or existing issues, policies and programs of the ministry. This branch works with all divisions of the ministry in developing public information programs, financial and annual reports, provincial budget documents, brochures, information kits and news releases.[1]

Responsibilities of the branch include:

- providing advice and suggestions to the minister, deputy minister and other officials about the communications activities of the ministry and the public relations issues that it faces;
- developing communication plans to aid in the efforts of informing the public about emerging issues or existing policies or programs;
- writing news releases, pamphlets, letters, speeches, reports and scripts;
- planning news conferences, seminars, public meetings and other special events;
- developing and implementing the annual provincial budget communications plan;
- developing and implementing media relations to ensure the positive presentation of ministry programs;
- coordinating the writing, editing, designing, printing and distribution of ministry publications, including its annual report, budget speech and budget supplements; and,
- providing information to the media, other governments, legislative staff and the general public in response to their inquiries.

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[1]A list of ministry publications appears on page 61.

Special Events

Communications Branch plays an integral role in communicating provincial budget measures to British Columbians.

Budget-day open houses were again organized for eight areas of the province. The purpose of the open houses is to ensure smaller centres in British Columbia have access to the provincial budget and related documents on the same day it is presented in the Legislature. The town of Courtenay was added to the list of communities having an open house.

In addition to open houses, three media lock-ups were conducted outside of Victoria. Accredited media from Chilliwack, Kelowna and Prince George, and the surrounding areas, were invited to view budget documents in advance of the budget speech in the Legislature. Treasury Board Staff officials were on hand to assist the local media and explain the budget measures.

Government Agents in each of the centres provided excellent support to the Minister of Finance and Corporate Relations by organizing and conducting the events.

SECURITIES COMMISSION

The British Columbia Securities Commission is a statutory body reporting to the Minister of Finance and Corporate Relations.

Its function is to:

- promote the growth and development of British Columbia's securities industry consistent with the government's economic objectives;
- protect investors from fraud, misconduct or manipulation in the securities industry;
- ensure that investors have timely and reliable information to help them make informed investment decisions;
- maintain standards of fair conduct in dealings with and among participants in the securities market;
- develop and maintain securities policies, regulations and legislation, and participate with other provincial securities administrators in their uniform development; and,
- ensure that policies and operations of the Vancouver Stock Exchange are consistent with the goals of the Commission and provide an open and efficient public market for listed shares.

The Commission is divided into the "Commission Proper" — consisting of the Chairman and Commissioners — and the "Commission Staff", headed by the Superintendent of Brokers.

Commission Proper

- administers the *Securities Act* and the *Commodity Contract Act*;
- acts as a quasi-judicial tribunal in hearing matters arising under this legislation;
- establishes policies governing the interpretation and administration of the legislation; and,
- advises the Minister of Finance and Corporate Relations on securities legislation and related matters.

Superintendent of Brokers

- responsible for the daily administration of legislation and policies;
- advises the Commission on policy and administrative matters;
- brings matters before the Commission in formal hearings; and,
- manages Commission staff through six departments, each headed by a deputy superintendent.

Policy and Legislation

- provides policy advice to the Commission Proper and to the Superintendent of Brokers; and,
- prepares legislation, regulations, policy discussion papers and policy statements.

Corporate Finance

- reviews prospectuses and other documents of disclosure to ensure compliance with securities legislation and policy; and,
- authorizes distributions of securities under prospectuses, statements of material facts and rights offerings.

Compliance and Enforcement

- monitors securities industry and market activity to enforce compliance with legislation and policy;
- undertakes investigations and other enforcement activities under the legislation, both directly and in conjunction with other regulatory and enforcement bodies; and,
- prepares evidence and background material for hearings before the Commission.

Exemptions and Orders

- processes all applications for exemption from particular registration, disclosure, reporting and filing requirements under the legislation.

Registration and Statutory Filings

- processes applications for granting, renewing, reinstating or amending registration of firms and individuals engaged in trading, advising or underwriting under the legislation;
- ensures each reporting company files continuous, up-to-date and accurate reports of its operations, including:
  - financial statements;
  - quarterly reports (required from companies listed on the Vancouver Stock Exchange);
  - insider trading reports;
  - information circulars and other material distributed to shareholders; and,
  - reports of material changes in affairs.

Finance and Administration

- provides financial, administrative and personnel services;
- maintains public records on issuers and registrants under the legislation;
- distributes Securities Commission publications and information to the public;
- provides library services to the Commission; and,
- maintains all paper and electronic filing and distribution systems.

ACTIVITY MEASURES

ACTIVITY	1987/88	1988/89
Compliance and Enforcement		
Orders Issued		
• Investigation orders	5	19
• Superintendent's orders	n/a[1]	10
• Audit orders	2	1
• Freeze orders	4	6
• Cease trade orders (s.144)	53	12
• Removal of trading rights	8	43
• Removal of directors/officers	n/a[2]	28
Investigation/Complaint Files		
• Files opened	850	1,233
• Files closed	991	917
Corporate Finance		
• Prospectuses accepted	862	670[3]
• Statements of material facts accepted	145	24[3]
Exemptions and orders		
• Decisions and orders issued	1,243	705[4]
• Reports of exempt distributions filed	2,476	3,321
Hearings	20	17

[1]The power of the Superindendent to order the production of records maintained by a registrant under the *Securities Act* and the *Securities Regulation* in connection with the investigation of any matter relating to trading in securities in the province or another jurisdiction became effective September 1, 1988.

[2]The power of the Commission or the Superintendent to order, after a hearing, that a person resign or be prohibited from acting as a director or officer of any issuer became effective September 1, 1988.

[3]Decreases are due to market conditions prevailing after major market adjustments in October 1987.

[4]Decreases are due to market conditions and to legislative amendments, effective September 1, 1988, which provided for statuatory exemptions for certain trades which previously required discretionary decisions and orders.

ACTIVITY	1987/88	1988/89
Registration and Statutory Filings		
Registration/licences issued		
• *Securities Act*	3,067	3,272[5]
• *Commodity Contract Act*	307	166
• *Investment Contract Act*	3	n/a[6]
Registration/licences oustanding (as at March 31, 1989)		
• *Securities Act*	4,757	5,235[5]
• *Commodity Contract Act*	356	355
• *Investment Contract Act*	1	n/a[6]
Suspensions/cancellations		
• *Securities Act*	3	7
• *Commodity Contract Act*	0	0
• *Investment Contract Act*	2	n/a[6]
Cease Trade Orders under Section 146 (failure to file required records)	86	175
Cease Trade Orders Revoked	73	149

[5]Amendments to the *Securities Regulation*, effective September 1, 1988, permitted the entry of banks and trust companies into the securities industry. This is reflected in the increase in registrants under the *Securities Act* in 1988/89.

[6]Effective April 1, 1988, the *Investment Contract Act* was repealed; registrants now register under the *Securities Act*.

Securities Act Amendments

Significant amendments to the *Securities Act* and the *Securities Regulation* were introduced in 1988/89, representing another step in the Securities Commission's continuing efforts to strengthen and update securities regulation in British Columbia.

The *Securities Amendment Act* was put into effect September 1, 1988. The amendments were designed to strengthen enforcement powers and streamline administration by the Commission. The Commission's new enforcement powers include the following provisions:

- the Commission may order an investigation to assist in the administration of securities laws of another jurisdiction;
- the Commission may disclose information obtained under Part 15 of the Act (Investigation and Audits) to a securities regulator of another jurisdiction;
- the Commission or the Superintendent, after a hearing, may order that a person resign or be prohibited from acting as a director or officer of any issuer; and,
- the person presiding at a hearing may order the payment of the costs incurred by the Commission with respect to the hearing and the investigations leading up to the hearing.

Securities Regulation Amendments

Major revisions to the *Securities Regulation*, effective September 1, 1988, included the restructuring of Part 8 (Exemption from Prospectus Requirements) which provide a simpler framework for public companies undertaking private placements and other securities distributions exempt from prospectus requirements.

Two new parts to the *Securities Regulation* were introduced September 1, 1988 which provide a regulatory framework for the diversification of ownership in the British Columbia securities industry and for any potential conflicts of interest which could arise.

The new provisions require a registered dealer, advisor or underwriter to give notice to the Superintendent of a change in its ownership, or of an intention to diversify into a non-securities business. (The Superintendent may refuse to allow the registrant to pursue the proposed business in the latter instance.)

The new conflict of interest rules prescribe that information be disclosed to clients by the registrant when it carries on certain brokerage activities involving securities issued or owned by the registrant itself or by parties having an ownership or business relationship with the registrant.

Corporate Disclosure

The Securities Commission recently brought into effect new policies to improve the level of disclosure to shareholders.

National Policy 41 of the Canadian Securities Administrators went into effect March 1, 1989, applying to all companies listed on the Vancouver Stock Exchange (VSE). This national policy on shareholder communication requires public companies and intermediaries to follow specific procedures to ensure that non-registered shareholders receive corporate information such as annual reports, information circulars and proxies to ensure an effective

right to vote. Non-registered shareholders are investors whose shares are registered in the name of securities dealers or depositories as nominees.

Effective January 1, 1989, a new form of quarterly report was introduced for all companies listed exclusively on the VSE. The report is based on generally-accepted accounting principles and incorporates a review of operations by management. These reporting standards acknowledge the special responsibility that the directors and officers of VSE-listed companies have in accounting for funds raised from the public. Quarterly reports will be made available to any shareholders who request them, permitting shareholders to monitor their interest in these companies more effectively.

Increased Fees under the *Securities Act* and the *Commodity Contract Act*

Beginning with the 1988/89 fiscal year, the British Columbia Securities Commission became a self-financing entity within the Ministry of Finance and Corporate Relations. Effective April 1, 1988, all expenditures of the Commission were financed from fees and other revenues collected by the Commission from the securities industry. To accomplish full cost recovery, fee schedules to the *Securities Act* and the *Commodity Contract Act* were completely revised and most fees were increased.

STATUTES ADMINISTERED

Administration and Support Services

- Assessment Authority Act

Deputy Minister

- Auditor General Act

Central Statistics Bureau

- British Columbia Statistics Act

Corporate Relations

- Book Accounts Assignment Act
- Chattel Mortgage Act
- Company Act, except s. 348
- Company Clauses Act
- Condominium Act, except all matters affecting the powers and duties of the Registrar of Titles
- Cooperative Association Act
- Credit Union Act
- Creditor Assistance Act
- International Financial Business Act
- International Financial Business (Tax Refund) Act
- Insurance Act
- Insurance (Captive Company) Act
- Insurance (Marine) Act
- Mobile Home Act
- Mortgage Brokers Act
- Mutual Fire Insurance Companies Act
- Partnership Act
- Real Estate Act
- Repairers Lien Act
- Sale of Goods on Condition Act
- Savings and Loan Associations Act
- Society Act
- Trust Company Act
- Warehouse Lien Act
- Warehouse Receipt Act
- Woodworker Lien Act

Office of the Comptroller General

- Financial Administration Act
- Financial Information Act
- Supply Act (Annual)

Provincial Treasury

- Bonding Act
- British Columbia Railway Finance Act
- Deficit Repayment Act
- Educational Institution Capital Finance Act
- Hospital District Finance Act
- Pacific North Coast Native Cooperative Act
- Provincial Debt Refinancing Act
- Public Service Bonding Act
- School District Capital Finance Act
- Unclaimed Money Act

Revenue

- British Columbia Payment to Canada of Federal Income Tax on Behalf of Natural Gas Producers Act
- Corporation Capital Tax Act
- Esquimalt and Nanaimo Railway Belt Tax Act
- Horse Racing Tax Act
- Hotel Room Tax Act
- Income Tax Act
- Insurance Premium Tax Act
- Land Tax Deferment Act
- Logging Tax Act
- Mining Tax Act
- Motor Fuel Tax Act
- Property Purchase Tax Act
- Social Service Tax Act
- Taxation (Rural Area) Act
- Tobacco Tax Act

Treasury Board Staff

- Assessment Act
- British Columbia Enterprise Corporation Financial Restructuring Act
- Budget Stabilization Fund Act
- Compensation Stabilization Act
- Funds Control Act
- Privatization Benefits Fund Act
- Provincial Municipal Partnership (Taxation Measures) Act
- Rate Increase Restraint Act
- Special Accounts Appropriation and Control Act
- Special Appropriations Act
- Tourist Accommodation (Assessment Relief) Act

Securities Commission

- Commodity Contract Act
- Securities Act, except s. 142
- Securities (Forged Transfer) Act
- Vancouver Stock Exchange Act

Please note this list of statutes is current to March 31, 1989.

MINISTRY PUBLICATIONS

Administration and Support Services

Suggestion Awards Program (brochure)

Central Statistics Bureau

British Columbia Economic Accounts
British Columbia External Trade Report
British Columbia Facts and Statistics (to be combined with the Financial and Economic Review)
British Columbia Industry Review (to be combined with the Financial and Economic Review)
British Columbia Manufacturers' Directory
British Columbia Offshore Directory
British Columbia Population Forecast
British Columbia Regional Index
Directory of British Columbia Importers and Manfacturers' Agents
Import Replacement Opportunities
Sector Directories

Communications Branch

Budget 1989 brochures:
- Balanced with Care
- Protecting the Environment
- Preparing for the 21st Century
- Land Tax Deferment Program
- Housing Programs

Ministry of Finance and Corporate Relations Annual Report

Corporate Relations

Annual Report of the Superintendent of Insurance
Establishing an International Financial Business in Vancouver
Forming a Captive Insurance Company
Mobile Home Parks in British Columbia
Registration Guide for registrants pursuant to: The *Book Accounts Assignment Act*, The *Chattel Mortgage Act*, The *Sale of Goods on Condition Act*

Office of the Comptroller General

Interim Financial Statements
Public Accounts — Volume I, II, III
Public Accounts Digest
Response to the Report of the Auditor General

Provincial Treasury

British Columbia Prospectus
Home Mortgage Assistance Program (brochure)
Treasury Management (brochure)

Revenue Division

Property Purchase Tax (brochure)
Understanding Rural Property Taxes in British Columbia 1989 (brochure)

Treasury Board Staff

Budget Speech
Estimates
Supplement to the Estimates
Financial and Economic Review
Quarterly Financial Reports

Securities Commission

Going Public (brochure)
Insider Reports (brochure)